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ANPA Convention Preview

Presstime

The Journal of the American Newspaper Publishers Association

Newspapers Whittle Expenses As Revenues Slow

Jeanne Long
Congressional Inform. Serv.
4520 East-West Hwy, Suite 800
Bethesda, MD
20014

presstime

INDEX VOLUME 12, NUMBER 4 APRIL 1990

Special Report *Facing a year of soft revenues, newspapers are wielding their cost-cutting knives on the giant outlays of payroll and newsprint as well as the humbler expenses like pencils and paper clips. Some publishers are asking employees to take voluntary unpaid leave and to help absorb rapidly rising health-care costs. They are reducing travel, using energy-saving fixtures and raising cost-consciousness among their staffs. At the same time, many companies recognize that it's often necessary to spend on new equipment now in order to save in the long run.* **26**

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Publisher, Jerry W. Friedheim
Editor, James E. Donahue
Managing Editor, Maurice Fliess
Assistant Managing Editor, C. David Rambo
Assistant Managing Editor, Pamela M. Terrell
Staff Writer, Mary A. Anderson
Staff Writer, Rolf Rykken
Staff Writer, Christine Reid Veronis
Technology Writer, Rosalind C. Truitt
Labor Writer, Gene Goltz
Art Director, Charlene Gridley
Circulation Manager, Mary B. Nahan
Advertising Manager, Jonathan A. Reed
Advertising Assistant, Wendy Weiss

ANPA Executive Offices
The Newspaper Center, 11600 Sunrise Valley Drive, Reston, Va.
Mail address: Box 17407 Dulles Airport, Washington, D.C. 20041;
(703) 648-1000
FAX: (703) 620-4557

Advertising Sales Representatives
Pete Uhry, director of advertising sales;
John Adams, Bob Bruder, Marketing & Media Decisions, 401 Park Ave. South, New York, N.Y. 10016; (212) 545-5100

Midwest/Southwest
Debra L. Matell, Marketing & Media Decisions, 75 E. Wacker Drive, Suite 930, Chicago, Ill. 60601; (312) 977-1933

West
Nelda Chambers, Marketing & Media Decisions, Suite 380, 19725 Sherman Way, Canoga Park, Calif. 91306-3650; (818) 709-3564

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CHAIRMAN'S CORNER

Extraordinary year sets stage for future

Fast-breaking events and unprecedented initiatives of the past 12 months are setting the stage for the final decade of the 20th century. Let's take stock and look ahead.

Internally, our Association has gone flat-out attacking our highest-priority industry opportunities and challenges, and we have vigorously positioned ourselves for the future.

Externally, during an extraordinary time of change, we have witnessed and aided transition toward greater press freedoms and civil liberties in Eastern Europe, the Soviet Union, South Africa, Panama and Nicaragua.

William H. Cowles 3rd

Accomplishments at ANPA include: circulation and readership emphasis resulting in tools and ideas you will see unveiled at this month's Los Angeles Convention; a recycling revolution in which we all are environmentalists; painstaking evolution of legislation that one day may finally preserve diversity and a level playing field in the future information marketplace; careful cost containment at The Newspaper Center even as retirements and promotions brought about senior staff transitions; a successful ANPA Foundation fund-raising campaign to continue our augmented minority-opportunity projects; a huge Newspaper in Education conference and solid literacy work; innovation from the telecommunications opportunities program; human resources tasks targeted on training, recruitment and diversification; technical research on promising post-press/distribution systems; customer service tools to help every newspaper; and such traditional things as the lowest accident rate in 50 years via the Safe Driving Campaign!

Facing outward toward our international interests and colleagues, we have joined the World Press Freedom Committee, FIEJ, IAPA and many others in encouraging the outbreak of press freedom in previously closed societies.

While recognizing that each country's emerging free press must build at its own rate and cope with its own special circumstances, North America's newspapers have aided both existing and new newspapers and journalists in Colombia, Panama, Nicaragua, Poland, Czechoslovakia, Hungary, South Africa, the Soviet Union and the Baltic states—and all that is in addition to our continuing friendship and interest in newspapers throughout Latin America, the Pacific rim, Africa and the rest of Europe.

We can only imagine where these internal and external events will lead. But we know they will lead nowhere good unless free societies have strong, economically sound, politically independent newspapers as their voices. Unprecedented progress was made toward that great goal during the past 12 months.

Later this month I will be pleased and proud to hand the ANPA gavel to Lloyd Schermer. His foresight, wise counsel and warm friendship have made my job pure pleasure. Our Association will thrive with his leadership. So now it's time to say thanks to everyone in the extended ANPA family—officers, directors, staff and members—for your support and for the privilege of serving as your chairman.

Bill Cowles

William H. Cowles 3rd
ANPA Chairman

More newsprint firms announce plans to raise prices

Most newsprint manufacturers have followed Abitibi-Price Inc. in announcing increases in the list price of newsprint effective June 1. But newspaper executives and newspaper analysts doubt the higher prices will stick.

The Eastern U.S. price will rise by $35 a metric ton to $685, the same price announced by Abitibi-Price [**presstime**, March 1990, p. 59]. The price to customers in eastern Canada is slated to rise by $40 (Canadian) to $790.

A West Coast company, Fletcher Challenge Canada Ltd., said it will increase its price by $31.50 to $630. Its price for customers in western Canada would rise $35 (Canadian) to $720 per metric ton.

Another West Coast firm, MacMillan Bloedel Ltd., will reach the same price level as Fletcher by retaining its $630 base price but eliminating a discount of 5 percent, or $31.50.

The paper companies have said they need to raise prices because of serious declines in income.

However, Homer E. Taylor Jr., vice president/supply of Knight-Ridder Inc., sent a letter to newsprint suppliers, calling the action "ridiculous."

"With consumption and operating rates dropping and supply increasing and discounts increasing, it just doesn't make any sense," he said.

Taylor said Abitibi-Price might have wrongly assumed that a recent increase in newspapers' newsprint purchases signaled a trend toward greater consumption. He said companies have been stocking up in anticipation of possible labor problems this year at Canadian newsprint mills. (See story, this page.)

William Hee, purchasing manager for Gannett Supply Corp., also expressed skepticism about the announced price increases. "We don't think it's the right time," he said. "It's not based on supply and demand. There is plenty of paper around."

Analyst George B. Adler of Smith Barney, Harris Upham & Co. called the new round of price hikes "wishful thinking" by newsprint manufacturers. "There's too much newsprint capacity," he said.

Newsprint suppliers have not raised prices since January 1988, when the standard per-metric-ton price went from $610 to $650. However, most buyers have been able to obtain hefty discounts that in many cases resulted in net prices even below that previous list price. □

Financial report of paper companies, 1989 vs. 1988

Net income (in thousands of dollars)

	1989	1988	% Change
Abitibi-Price Inc.	$ 54,200	$191,100(a)	-71.6
Boise Cascade Corp.	267,580	289,120	-7.5
Bowater Inc.	144,569	164,317	-12.0
Canadian Pacific Forest Products Ltd.	220,100	323,400	-31.9
Domtar Inc.	33,000(b)	111,000(b)	-70.3
Donohue Inc.	44,250	68,691	-35.6
Fletcher Challenge Canada Ltd.	120,000	180,200	-33.4
Great Northern Nekoosa Corp.	321,100	341,700	-6.0
Kimberly-Clark Corp.	423,800	378,600	+ 11.9
MacMillan Bloedel Ltd.	246,700	329,800	-25.2
Weyerhaeuser Co.	341,071(c)	565,590	-39.7

(a) including extraordinary gain
(b) including income from discontinued operations
(c) including extraordinary loss

Many labor contracts will expire this month

Labor contracts involving the major unions representing pulp and paper workers will expire at most eastern Canadian newsprint mills this year.

These mills account for about 7.8-million metric tons of newsprint—about 78 percent of total Canadian capacity. Most contracts expire April 30.

The Canadian Paperworkers Union said job security is its top priority for negotiations this year. It also will seek wage increases of 8 percent annually, or a minimum hike of $1.50 an hour, plus cost-of-living adjustments in a two-year contract. The union by late March had not selected a target company for its contract demands.

In the United States, contracts will expire this year at four mills that account for about 20 percent of U.S. capacity.

In other recent labor developments affecting the newsprint industry:

- A five-year contract was ratified between the United Paperworkers International Union and Champion International Corp. at the company's Lufkin, Texas, mill. The contract expired June 30, 1989. Details of the new contract were not available at press time [**presstime**, Oct. 1989, p.53].
- UPIU members ratified a three-year extension to a contract that was due to expire Feb. 15, 1992, at Boise Cascade's DeRidder, La., mill.. The extension calls for a 2.5-percent increase in the first year and 3-percent increases in the second and third years.
- A four-year contract was ratified between the UPIU and Stone Container Corp. at the company's Snowflake, Ariz., mill. The previous contract expired Feb. 28. The new agreement provides for $900 plus a ratification bonus in the first year, 2.5 percent in the second, $1,175 in the third and 2.5 percent in the fourth.
- Negotiations continue between the UPIU and two mills where contracts expired last year: Champion International Corp. in Sheldon, Texas, and Golden State Newsprint Co. in Pomona, Calif.
- The White House appointed an emergency board to address health-care costs that are the subject of contract talks between railroads and 13 rail unions. The emergency board is scheduled to finish its work in September. Railroads are used heavily in the delivery of newsprint and other goods to newspapers. □

NEWSPRINT NOTES

- Bowater Inc. has approved construction of a **$75-million de-inking plant** at its Calhoun, Tenn., mill. It will allow the mill to produce about 236,000 metric tons of recycled newsprint annually. Construction is scheduled to start in July, with production expected to start in December 1991.

- Stone-Consolidated Inc. announced it intends to provide **recycled-fiber newsprint** in Canada by the end of 1991.

  Stone-Consolidated currently produces virgin-fiber newsprint at Grand'Mere, La Baie, Shawinigan and Trois-Rivieres, Quebec. It uses recycled fiber to manufacture newsprint at its Snowflake, Ariz., and Ellesmere Port, United Kingdom, newsprint mills.

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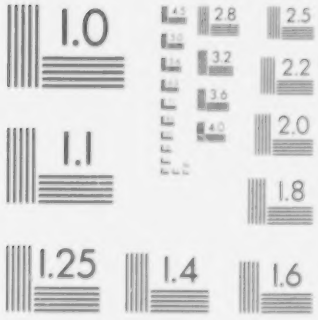

PHOTOGRAPHIC SCIENCES CORPORATION
770 BASKET ROAD
P.O. BOX 338
WEBSTER, NEW YORK 14580
(716) 265-1600

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